Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 078287
ORIGIN L-03

INFO OCT-01 NEA-10 ISO-00 TRSE-00 FS-01 OMB-01 ABF-01
AID-05 EB-08 SSO-00 /030 R

DRAFTED BY L/C:TTFHUANG:MB
APPROVED BY L:SMSCHWEBEL
L/C:FAKWIATEK
NEA/EGY:CAKENNEDY
NEA:HEILTS
----------072316Z 110813 /14
O 072251Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY CAIRO IMMEDIATE

LIMITED OFFICIAL USE STATE 078287

FOR POLCOUN LOWRIE

E.O. 11652: N/A

TAGS: EFIN, CPRS, PFOR, EG, US

SUBJECT: PRIVATE CLAIMS AGREEMENT: PAYMENT TO AMERICAN MISSION

REFS: (A) CAIRO 5805, (B) STATE 75869 AND PREVIOUS

1. IT APPEARS FROM EXCHANGE OF COMMUNICATIONS TO DATE THAT DEPT HAS FAILED TO MAKE CLEAR ITS MAIN CONCERN. THE CRUX OF THE PROBLEM IS WHETHER THE NEGOTIATION OF THE TREASURY DOLLAR CHECK FOR AMERICAN MISSION BY USE OF SURPLUS/EXCESS POUNDS GENERATED BY LEND LEASE AND PL 480 LOANS WILL ENTAIL A NET OUTFLOW OF HARD CURRENCY, I.E., U.S. DOLLARS, FROM EGYPT.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 078287

2. WHEN GOE ISSUED U.S. DOLLARS 1.66 MILLION CHECK THROUGH THE CENTRAL BANK, AS DEPARTMENT UNDERSTANDS IT, THIS WAS AN OUTFLOW FROM EGYPT OF U.S. DOLLARS 1.66 MILLION (HARD CURRENCY). OF THIS AMOUNT 20 PERCENT WAS PAYABLE TO AMERICAN MISSION IN EGYPTIAN POUNDS TO BE SPENT IN EGYPT SO THAT THERE WOULD BE NO OUTFLOW OF HARD CURRENCY FROM EGYPT IN RESPECT OF THE AMERICAN MISSION'S CLAIM. THIS WAS THE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

BARGAIN WHICH WAS STRUCK IN THE COURSE OF THE NEGOTIATION OF THE PRIVATE CLAIMS AGREEMENT. GOE AGREED UPON THE LARGE

AMOUNT OF U.S. DOLLARS 2 MILLION FOR AMERICAN MISSION AFTER PROLONGED CONSIDERATION BY P/M SALEM, THEN MIN/ECON SHAFEI, DR. DEWIDAR AND OTHER RESPONSIBLE EGYPTIAN OFFICIALS CONDITIONED ON THE THREE ELEMENTS DISCUSSED IN PARAGRAPH 3 BELOW. AGREEMENT ON AMERICAN MISSION CASE WAS ONLY ARRIVED AT AFTER EXTENSIVE NEGOTIATIONS AND HARD BARGAINING.

3. THE BARGAIN STRUCK THEN HAS THREE ELEMENTS (1) PAYMENT IN EGYPTIAN POUNDS; (2) EGYPTIAN POUNDS TO BE SPENT IN EGYPT, AND (3) THERE BE NO OUTFLOW OF HARD CURRENCY, I.E., U.S. DOLLARS FROM EGYPT. WITH RESPECT TO ELEMENT (3), IT WAS ANTICIPATED THAT THE COMPENSATION IN DOLLARS PAID TO AMERICAN MISSION BE RETURNED TO EGYPT OR BE NOT REMOVED FROM EGYPT. PAYMENT NOW BY ISSUANCE OF EGYPTIAN POUND CHECK BY USDO PARIS OUT OF EXISTING USG LARGE POUND HOLDINGS WILL, IN DEPARTMENT'S OPINION, SATISFY ELEMENTS (1) AND (2), BUT NOT REPEAT NOT (3).

4. AS STATED PREVIOUSLY, DEPARTMENT CONCERN IS THAT DR. DEWIDAR OR OTHER RESPONSIBLE SENIOR GOE OFFICIAL CLEARLY UNDERSTANDS OR BE CLEARLY INFORMED THAT EMBASSY'S PROPOSED USE OF USG POUND HOLDINGS WOULD RESULT IN A DOLLAR OUTFLOW IN RESPECT OF AMERICAN MISSION SETTLEMENT, AND AGREE TO OR NOT OBJECT TO THAT PROCEDURE. IF NOT, USG WOULD OPEN ITSELF TO CHARGE OF ACTING
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

INCONSISTENTLY WITH THE INTENT OF THE CLAIMS AGREEMENT.

5. DEPT NATURALLY IS PREPARED TO RELY ON EMBASSY'S JUDGMENT OF WHAT DR. DEWIDAR UNDERSTANDS. REF (B) WAS MOTIVATED, HOWEVER, BY OUR APPREHENSION, BASED ON REPORTING TO DATE, THAT DR. DEWIDAR MAY NOT REALLY APPRECIATE WHAT IS PROPOSED.

6. FROM AMBASSADOR EILTS. I HAVE READ ABOVE PARAS AND APPRECIATE L'S CONCERN. LET US FINISH WITH THESE STERILE EXCHANGES. POLCOUN SHOULD GET IN TOUCH WITH DEWIDAR TO DISCUSS MATTER WITH HIM. HE SHOULD REFER TO DEWIDAR/HUANG UNDERSTANDING, OF WHICH WE ONLY RECENTLY BECAME AWARE, AND INQUIRE WHETHER GOE PREFERS PROVIDE EGYPTIAN POUNDS FOR AMERICAN MISSION'S COMPONENT FIRST PRIVATE CLAIMS PAYMENT OR WHETHER IT WOULD BE AGREEABLE TO OUR CONVERTING PORTION OF DOLLAR CHECK INTO EGYPTIAN POUNDS FROM OUR EXCESS CURRENCY HOLDINGS FOR THIS PURPOSE. WE WILL BE GUIDED BY GOE'S WISHES IN THIS MATTER SO LONG AS

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

THERE IS NO DELAY IN OUR BEING ABLE TO MAKE PAYMENT TO
AMERICAN MISSION. IT HAS HAD TO WAIT LONG ENOUGH FOR
THIS PAYMENT, AND I AM ANXIOUS THAT IT BE MADE ASAP.
VANCE

LIMITED OFFICIAL USE

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CLAIMS, AGREEMENTS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 07-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE078287
Document Source: CORE
Document Unique ID: 00
Drafter: TTFHUANG:MB
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770122-0244
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770476/aaaacofd.tel
Line Count: 120
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: af1349a8-c288-dd11-92da-001cc4696bcc
Office: ORIGIN L
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 CAIRO 5805, 77 STATE 75869
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2863020
Secure: OPEN
Status: NATIVE
Subject: PRIVATE CLAIMS AGREEMENT: PAYMENT TO AMERICAN MISSION
TAGS: EFIN, CPRS, PFOR, EG, US, AMERICAN MISSION
To: CAIRO
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/af1349a8-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009